



**North Carolina Department of Health and Human Services  
Division of Mental Health, Developmental Disabilities and Substance  
Abuse Services**

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Michael F. Easley, Governor  
Carmen Hooker Odom, Secretary

Richard J. Visingardi, Ph.D, Director

March 29, 2004

**MEMORANDUM**

**To:** Legislative Oversight Committee Members  
MH/DD/SAS Commission  
Consumer/Family Advisory Committee Chairs  
Advocacy Organizations and Groups  
North Carolina Association of County Commissioners  
County Managers  
County Manager Chairs  
North Carolina Council of Community Programs  
Area Program Directors  
Area Program Board Chairs  
Provider Organizations  
MH/DD/SAS Professional Organizations and Groups  
MH/DD/SAS Stakeholder Organizations and Groups  
Other MH/DD/SAS Stakeholders

**From:** Richard J. Visingardi, Ph.D.

Michael Moseley

**Re:** **Communication Bulletin # 016**  
***Criteria and Procedure for Approval of***  
***Service Delivery by an Area/County Program***

**State Plan 2002**  
**Communication Bulletin**

General Statute 122C-112.1(a)(26) requires the Secretary of the Department of Health and Human Services to "[e]stablish a process for approving area authorities and county programs to provide services directly in accordance with G.S. 122C-141." The attached document sets forth the criteria and process for approval of direct service delivery by: (a) an area or county program which serves as the LME; or (b) by a separate county department when another area/county program serves as the LME.

In establishing and applying these criteria, the Department's primary considerations are service availability, choice for consumers and compliance with General Statutes. Another consideration is preventing or reducing the potential for conflicts of interest related to LME service management and direct service provision.

Please contact Dick Oliver at 919-715-1294 or e-mail [Dick.Oliver@ncmail.net](mailto:Dick.Oliver@ncmail.net), if you have questions regarding this document.

Attachment

cc: Carmen Hooker Odom

DMH/DD/SAS Executive Leadership Team

Jim Klingler

Lanier Cansler  
James Bernstein  
DHHS Division Directors

Dick Oliver  
Kaye Holder  
Wayne Williams

Richard Slipsky

**Criteria for the Approval of Direct Service Provision by  
Area Authorities and County Programs  
(G.S. 122C-112.1 and G.S. 122C-141)  
Effective: April 1, 2004**

1. Area Authority<sup>1</sup>/County Program is the Local Management Entity (LME) and also proposes to continue to provide one or more services (see item 3.a. for LMEs with approved Local Business Plans):
  - a. List of the services to be provided and a justification for the Area Authority/County Program to directly operate those services, including the impact on consumers and the community if the LME does not provide such services;
  - b. Documentation of efforts to solicit private providers for the services the LME proposes to provide, including copies of RFPs/RFIs, summary of the RFI responses received, minutes from public meetings, other documentation of provider recruitment efforts, and any concerns raised by the responses to the solicitation;
  - c. Description of how the LME will continue to develop community capacity and continue to work toward divestiture;
  - d. Description of how consumers will be offered a choice of providers for the services the LME operates;
  - e. Description of the process in place to ensure that consumers are not “steered” to LME-operated services and the safeguards the LME will implement to ensure that consumers receive only the services they need;
  - f. Certification from the LME that it understands that it will be reimbursed for the services that it operates in the same manner and at the same rates as any other service provider. No provisions will be made for the payment of any additional administrative cost associated with a governmental entity.
  
2. Area Authority/County Program is the LME and a separate county program<sup>2</sup> is proposed to be created or expanded as a service provider:
  - a. List of the services to be provided by the new or expanded county department;
  - b. Rationale for the creation or expansion of a county department to provide services including the impact on consumers and the community if the new or expanded county department does not provide such services;
  - c. Description of the private providers available in the community to provide the services proposed to be offered by the new or expanded county department;
  - d. Documentation of efforts to solicit private providers for such services, including copies of RFPs/RFIs, summary of the RFI responses received, minutes from public meetings, other documentation of provider recruitment efforts, and any concerns raised in the responses to the RFP/RFI solicitations;
  - e. Description of the organizational, management, and supervisory relationship between the LME and the county service provider program and the safeguards that will be in place to ensure that consumers are not “steered” to the county program;
  - f. Description of how the LME will ensure consumers are offered a choice of providers for services the county operates;
  - g. Certification of understanding from the Board of County Commissioners of the county proposing to deliver services that the county’s required Maintenance of Effort

contribution to the cost of mh/dd/sa services per G.S. 122C-115 will be paid to the LME, not to the county program providing services;

- h. Certification from the LME that it has advised the Board of County Commissioners of the county proposing to deliver services that that the county program will be reimbursed for the services that it operates in the same manner and at the same rates as any other service provider. No provisions will be made for the payment of any additional administrative cost associated with a governmental entity.

3. Process for Requesting Approvals:

- a. Requests are to be submitted through the LME Systems Performance Team member assigned to the Area/County Program;
- b. Division staff will review the request and forward it, with a recommendation, to the DHHS Secretary for review;
- c. Upon final action by the Secretary, the Division will communicate the decision in writing to the area/county program and county manager(s).
- d. Implementation exception: For area/county programs with approved Local Business Plans (LBPs) which detailed services to be operated by the area/county program during the time period covered by the LBP, the services remain approved and no additional action is required at this time. At the end of the currently approved LBP cycle, or if the area/county program determines that it should provide additional services within its currently approved LBP, this new procedure must be followed to obtain approval from the Secretary for the provision of such additional services.

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<sup>1</sup> The term Area Authority is used here to apply to either (a) a multi-county area authority or (b) a multi-county county model via an interlocal agreement organization serving as the LME.

<sup>2</sup> This scenario could apply as follows: a single county elects to convert its area authority to a county department to be a service provider and to join with other counties to form an Area Authority or multi-county interlocal agreement to perform LME functions.

NOTE: In all of these options, the Secretary may choose to approve the arrangement indefinitely or for a limited time period only.